

Session 6

Verification, Updating, and Corrections

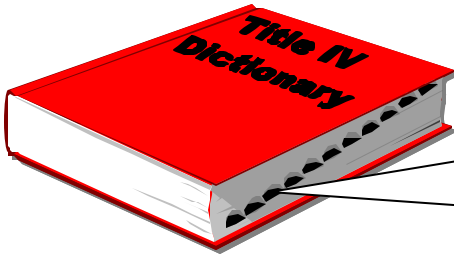
Questions we will answer during this session:

What is verification?

Who selects students to be verified?

How do you perform verification?

What is verification?



Verification – the process of checking the accuracy of information supplied on the Free Application for Federal Student Aid (FAFSA); used to reduce fraud and abuse; handled by the financial aid office

Who selects applicants to be verified?

The Central Processing System (CPS)

- You must verify all applicants selected up to 30% of your applicant pool.

The School

- Select as many or as few students as you like.
- Verify whatever items you choose.
- No school-selected applicants count towards 30% requirement.



Checkpoint #1 – 30% Option

The Feld School of Law has 3,500 applicants. The school includes all applicants as part of its applicant pool. The CPS selects 1,000 applications for verification.

How many applications must the school verify? _____

Howard Education Institute has 100 applicants. The school includes all applicants as part of its applicant pool. The CPS selects 50 applicants for verification.

How many applications must the school verify? _____

How do you perform verification?

Step One:

Verify the Information

The following information is from the SAR/ISIR of Chuck Whitney, who was selected for verification:

SAR Item #	Category	Entry
16	Marital Status	Married
39	Type of 1998 Tax Form Used	1040A
41	Adjusted Gross Income	\$19,000
42	U.S. Income Tax Paid	\$0
44	Earned Income Credit	\$1,230
47	Amount from Worksheet A	\$200
48	Amount from Worksheet B	\$0
49	Cash, Savings, and Checking	\$500
50-52	Net Worth of Real Estate Investments / Business / Farm	\$0
59	Household Size	3
60	# Enrolled in Postsecondary School	2

Case Study

Chuck completes his verification worksheet, submitting it to you along with his 1998 tax return.



Your application was selected for review in a process called "Verification." In this process, your school will be comparing information from your application with signed copies of your (and your spouse's, if you are married) 1998 Federal tax forms, or with W-2 forms or other financial documents. The law says we have the right to ask you for this information before awarding Federal aid. If there are differences between your application information and your financial documents, you may need to send in corrections on your Student Aid Report (SAR), or your school may send corrections electronically, to have your information reprocessed.

Try to complete verification as soon as possible, so that your financial aid won't be delayed. Your financial aid administrator will help you.

What you should do

1. Collect your (and your spouse's) financial documents (signed Federal income tax forms, W-2 forms, etc.).
2. Talk to your financial aid administrator if you have questions about completing this worksheet.
3. Fill in and sign the worksheet.
4. Take the completed worksheet, tax forms, and any other documents your school needs to your financial aid administrator.
5. Your financial aid administrator will compare information on the documents. You may need to make corrections on your SAR and send it back to the assistant processor.

Your school must review the requested information, under the financial aid program rules (CFR Title 34, Part 668).

A. Student Information

Whitney	Charles	O	987-65-4321
Last name	First name	M.I.	Social security number
7539 Whitehall Road			9/19/73
Address (include apt. no.)			Date of birth
Rox	WA	98523	360-555-0555
City	State	ZIP code	Phone number (include area code)

B. Family Information

List the people in your household. Include:

- yourself (and your spouse, if you have one), and
- your children, if you provide more than half of their support, and
- other people if they now live with you, and you provide more than half of their support and will continue to provide more than half of their support from July 1, 1999 through June 30, 2000.

Write the names of all family members. Also write in the name of the college for any family member who will be attending college at least half-time between July 1, 1999 and June 30, 2000, and will be enrolled in a degree or certificate program. If you need more space, attach a separate page.

Full Name	Age	Relationship	College
Martha Jones	24	Wife	City University
Charles Whitney	25	Self	State College
Hope Whitney	26	Spouse	Intown Community College
Henther Smith	2	stepdaughter	
Baby Whitney	due 12/99	child	

[illegible]

C. Student's Tax Forms and Income Information**Independent**

1. For non-tax filers and all tax filers (includes the 1998 IRS Form 1040, 1040A, 1040EZ, TeleFile Tax Record, a tax return from Puerto Rico or a foreign income tax return). If you did not keep a copy of the tax return, request an RTFTP printout or Letter 1722 from the Internal Revenue Service or a copy from your tax preparer.

- ☒ Check and attach signed tax return.
☐ Check and complete: signed tax return will be mailed to the school by _____ (date).
☐ Check here if you will not file and are not required to file a 1998 U.S. Income Tax Return.

2. Amounts received for child support and other untaxed income. (See Worksheet A on the Free Application for Federal Student Aid)

Sources of untaxed income	Amount	Sources of untaxed income	Amount
Child Support	\$24.00 (200/mo.)		
Social Security			
Welfare (including TANF)			

3. If you did not file and are not required to file a 1998 Federal income tax return, list below your employer(s) and any income received in 1998.

Sources (Use the W-2 form or other earnings statements.)	Amount

D. Spouse's Tax Forms and Income Information (If student is married)

1. For non-tax filers and all tax filers (includes the 1998 IRS Form 1040, 1040A, 1040EZ, TeleFile Tax Record, a tax return from Puerto Rico or a foreign income tax return). If your spouse did not keep a copy of the tax return, request one from the Internal Revenue Service or from the tax preparer.

- ☐ Check and attach signed tax return.
☐ Check and complete: signed tax return will be mailed to the school by _____ (date).
☐ Check here if you will not file and are not required to file a 1998 U.S. Income Tax Return.

2. Amounts received for child support and other untaxed income.

Sources of untaxed income	Amount	Sources of untaxed income	Amount
Child Support			
Social Security			
Welfare (including TANF)			

3. If your spouse did not file and is not required to file a 1998 Federal income tax return, list below your spouse's employer(s) and any income received in 1998.

Sources (Use the W-2 form or other earnings statements.)	Amount

E. Sign this Worksheet

By signing this worksheet, I (we) certify that all the information reported to qualify for Federal student aid is complete and correct. If married, spouse's signature is optional.

WARNING: If you purposely give false or misleading information on this worksheet, you may be fined, be sentenced to jail, or both.

Charles O. Whitney

Student

3/28/99

Date

Helen P. Whitney

Spouse

3/28/99

Date

Do not mail this worksheet to your application processor. Take it to your Financial Aid Administrator. Don't forget your tax forms.

1040A

U.S. Individual Income Tax Return

1998

IRS Use Only. Do not write or staple in this space.

OMB No. 1545-0045

Label

(See page 18.)

Use the
IRS label.Otherwise,
provide print
of type.

L A B E L I R S	Your first name and initial Charles D.		Last name Whitney		Your social security number 987-65-4321	
	If a joint return, spouse's first name and initial Hoge R.		Last name Whitney		Spouse's social security number 432-19-8765	
	Home address number and street. If you have a P.O. box, see page 13. 7539 Whitehall Road				Apt. no.	
	City, state or part of state, and ZIP code. If you have a foreign address, see page 18. Boz WA 98523					

▲ IMPORTANT! ▲

You must enter your
SSN(s) above.

Presidential Election Campaign Fund (See page 19.)

Do you want \$3 to go to this fund?

If a joint return, does your spouse want \$3 to go to this fund?

Yes	No
<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>

Note: Checking "Yes" will
not change your tax or
reduce your refund.Filing
status

- 1 ☐ Single
- 2 ☒ Married filing joint return (even if only one had income)
- 3 ☐ Married filing separate return. Enter spouse's social security number
above and full name here. ▶

Check only
one box.

- 4 ☐ Head of household (with qualifying person). (See page 20.) If the qualifying person is a child
but not your dependent, enter this child's name here. ▶
- 5 ☐ Qualifying widow(er) with dependent child (year spouse died ▶ 19 ☐ 1. (See page 21.)

Exemptions

- 6a ☒ Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax
return, do not check box 6a.

No. of boxes
checked on
6a and 6b **2**

- b ☒ Spouse

- c Dependents:

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> I qualified child for child tax credit (see page 22)
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

No. of your
children on
6c who:• lives with
you• did not live
with you due
to divorce or
separation
(see page 23)Dependents
on 6c not
entered aboveAdd numbers
entered on
lines above **2**

d Total number of exemptions claimed.

Income

7 Wages, salaries, tips, etc. Attach Form(s) W-2. **7 18706 00**Attach
Copy D of
your Forms
W-2 and
1099-R here.8a Taxable interest. Attach Schedule 1 if required. **8a 50 00**b Tax-exempt interest. DO NOT include on line 8a. **8b**9 Ordinary dividends. Attach Schedule 1 if required. **9**10a Total IRA distributions. **10a** 10b Taxable amount (see page 24). **10b**11a Total pensions and annuities. **11a** 11b Taxable amount (see page 25). **11b**12 Unemployment compensation. **12**13a Social security benefits. **13a** 13b Taxable amount (see page 27). **13b**If you did not
get a W-2, see
page 24.Check, but do
not make any
payment.14 Add lines 7 through 13b (far right column). This is your total income. **▶ 14 18756 00**Adjusted
gross
income15 IRA deduction (see page 28). **15**16 Student loan interest deduction (see page 28). **16**17 Add lines 15 and 16. These are your total adjustments. **17**18 Subtract line 17 from line 14. This is your adjusted gross income.
If under \$30,095 (under \$10,030 if a child did not live with you), see the
EIC instructions on page 35. **▶ 18 18756 00**

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 40.

Cat. No. 11221A

1998 Form 1040A

1999-2000 Verification Working Paper

Student: _____ SS#: _____ Dep. Status: _____

Tax Returns Filed	Student/Spouse (circle one): 1040, 1040A, 1040EZ, Other, None filed				
	Parent(s) (circle one): 1040, 1040A, 1040EZ, Other, None filed				
Item (SAR #)	Amount on Output Document	Amount Verified (Source)	Match?		
			Yes	No	N/A
Household Size (59/77)		(Worksheet)			
# in College (60/78)		(Worksheet)			
Student/Spouse AGI (41)		(1040-33, A-18,EZ-4)			
Student/Spouse Income Tax Paid (42)		(1040-49, A-32, EZ-10)			
Student/Spouse EIC (44)		(1040-59(a), A-37(a), EZ-8(a))			
Parent AGI (64)		(1040-33, A-18,EZ-4)			
Parent Income Tax Paid (65)		(1040-49, A-32, EZ-10)			
Parent EIC (67)		(1040-59(a), A-37(a), EZ-8(a))			
Non-Filers Only					
Student Earnings (45)		(W2)			
Spouse Earnings (46)		(W2)			
Father Earnings (68)		(W2)			
Mother Earnings (69)		(W2)			
Data from Worksheets A & B - Untaxed Income & Exclusions from Income (list and verify items that apply)					

<p>Net Error = \$ _____</p> <p>Verification Status Code: N A W T C R S</p> <p>Verification Performed By: _____</p> <p>Date: _____</p>	<p>Notes:</p>
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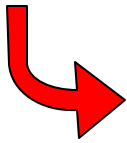
Step Two:

Determine the Need for Corrections

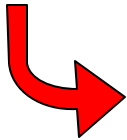
If there are no errors, then disburse aid as planned.

If there are errors with nondollar items, then you must submit corrections.

If there are errors with dollar items, then check net error.



If the *net error* is less than or equal to \$400, then you can go forward and award aid without recalculating the EFC or submitting corrections to the CPS.



If the net error exceeds \$400, then you must either send the corrections in to the CPS or recalculate the EFC by hand.

Determining Net Error

A = AGI + EIC + untaxed income (Worksheet A) from SAR/ISIR
\$ _____

B = Income tax paid + exclusions from income (Worksheet B) from SAR/ISIR
\$ _____

C = A - B = \$ _____ (total from SAR/ISIR)

D = AGI + EIC + untaxed income (Worksheet A) verified
\$ _____

E = Income tax paid + exclusions from income (Worksheet B) verified
\$ _____

F = D - E = \$ _____ (total verified)

The difference between C and F = Net Error = \$ _____

Verification Status Codes

N - Not selected

A - Accurate

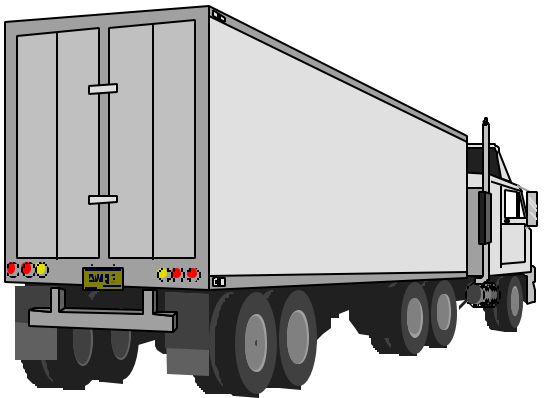
W - Without Documentation

T - Tolerance

C - Calculated

R - Reprocessed

S - Selected, Not Verified



Payment Issues - Federal Pell Grants

School recalculates EFC by hand, EFC decreases, and Pell award increases:

- *may make first payment to student (but not required)*
- *no further payments until official EFC received from CPS*

School recalculates EFC by hand, EFC increases, and Pell award decreases:

- *no payments to student until official EFC received from CPS*

Payment Issues - Campus-Based, Direct Loan, and FFEL

School recalculates EFC by hand, EFC changes, and award changes:

- *may make payments to students*
- *no reprocessing required, BUT school liable for overpayments if error*



Checkpoint #2 – Payments and Corrections

Circle the correct answer(s).

The Feld School of Law verifies a student and finds an error in the student's data. The student's household size is 5, although the ISIR identifies 6. There are no dollar errors. The school must:

- a) pay the student (don't submit correction)
- b) submit the correction (don't pay student)
- c) recalculate the student's EFC first; then decide whether or not to submit the correction

Howard Education Institute verifies a student and finds some dollar errors. The net amount of the errors exceeds \$400.

Which of the following are true regarding the student's Pell award?

- a) The school can recalculate the EFC to see if the Pell amount changes.
- b) If the Pell amount increases, the school must submit the corrections to the CPS.
- c) If the Pell amount decreases, the school must submit the corrections to the CPS.
- d) If the Pell amount does not change, the school still must submit the corrections to the CPS.

Which of the following are true regarding the student's Perkins award?

- a) The school can recalculate the EFC to see if the Perkins amount changes.
- b) If the Perkins amount increases, the school must submit the corrections to the CPS.
- c) If the Perkins amount decreases, the school must submit the corrections to the CPS.
- d) If the Perkins amount does not change, the school must submit the corrections to the CPS.

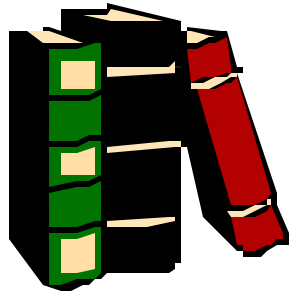
1999-00 Signature Requirements for Application and Verification Information

...general requirements for federal student aid	Application (FAFSA or Renewal FAFSA, paper or electronic)	IRS FORMS 1040 or other form submitted for verification	Verification Worksheet
Student	Must sign statement that data are accurate (on application, echo document, or signature page)	Tax return must be signed by student (or spouse) or by the tax preparer (or stamp)	Must sign worksheet
Parent(s) (of dependent student)	At least one parent must sign statement that data are accurate (on application, echo document, or signature page)	Tax return must be signed by at least one parent or by the tax preparer (or stamp)	At least one parent must sign
FAA	Must certify if dependency override is performed		

...additional requirements to receive a Federal Pell Grant	SAR to be corrected	ISIR to be corrected (electronic)	Professional Judgment SAR or EDE	Valid SAR or ISIR
Student	Must sign corrections statement on Part 2 of SAR	School must have signed documentation		No signature required
Parent(s) (of dependent student)	At least one parent must sign corrections statement on Part 2 of SAR	School must have signed documentation		No signature required
FAA			Must certify for adjustments or dependency override	

Note:

- Statements of Educational Purpose and Overpayment/Default are on the FAFSA and are considered signed when student signs the FAFSA.
- Student's spouse is not required to sign any of the student's financial aid documents.



Resources

Resources

★ *Federal Student Financial Aid Handbook:
Student Eligibility*

Answer



Key

Checkpoint #1 - 30%

Feld School of Law: 1,000 applicants must be verified

Howard Education Institute: 30 applicants must be verified

Checkpoint #2 – Corrections

Feld School of Law:

b is correct

Howard Education Institute:

Pell: **a, b, and c are correct**

Perkins: **a is correct**

1999-2000 Verification Working Paper

Student: Charles Whitney SS#: 987-65-4321 Dep. Status: Ind.

Tax Returns Filed		Student/Spouse (circle one): 1040, 1040A, 1040EZ, Other, None filed			
		Parent(s) (circle one): 1040, 1040A, 1040EZ, Other, None filed			
Item (SAR #)	Amount on Output Document	Amount Verified (Source)	Match?		
			Yes	No	N/A
Household Size (59/77)	3	4 (Worksheet)		X	
# in College (60/78)	2	2 (Worksheet)	X		
Student/Spouse AGI (41)	\$19,000	\$18,756 (1040-33, A-18,EZ-4)		X	
Student/Spouse Income Tax Paid (42)	\$0	\$0 (1040-49, A-32, EZ-10)	X		
Student/Spouse EIC (44)	\$1,230	\$1,230 (1040-59(a), A-37(a), EZ-8(a))		X	
Parent AGI (64)		(1040-33, A-18,EZ-4)			
Parent Income Tax Paid (65)		(1040-49, A-32, EZ-10)			
Parent EIC (67)		(1040-59(a), A-37(a), EZ-8(a))			
Non-Fileers Only					
Student Earnings (45)		(W2)			
Spouse Earnings (46)		(W2)			
Father Earnings (68)		(W2)			
Mother Earnings (69)		(W2)			
Data from Worksheets A & B - Untaxed Income & Exclusions from Income (list and verify items that apply)					
Child Support	\$200	\$2,400 (verif. worksheet)		X	
Educ. Tax Credits	\$0	\$941 (1040A, line 24)		X	

Net Error = \$ 1,015

Verification Status Code: N A W T C (R) S

Verification Performed By: _____

Date: _____

Notes: